

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

Auditor SUZANNE M. BUMP | KATHLEEN M. FALLON | KATE FITZPATRICK | JAMES M. MACHADO | ROBERT B. MCCARTHY | JENNIFER F. SULLIVAN

## MEMORANDUM

TO: Lexington Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: October 18, 2016

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made quarterly each fiscal year. The schedule is effective in FY17 (since the amount under the prior schedule was maintained in FY17) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.75% to 7.50% and the adoption of a fully generational mortality assumption.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



H:\Lexington\2016\Lexington16\_Val Proposed Assumptions 14k COLA 75 250k.xlsm\Approp. Results

## Appropriation Forecast

Fiscal		Employer	Amortization	Employer	Employer		
Year		Employee	Normal Cost	Payments	Total Cost	Total Cost	Funded
Ending	Payroll*	Contribution	with Interest	with Interest	with Interest	% of Payroll	Ratio %**
2017	\$36,130,638	\$3,168,221	\$1,507,337	\$3,998,200	\$5,505,537	15.2	85.1
2018	37,756,517	3,345,193	1,538,525	4,217,012	5,755,537	15.2	86.7
2019	39,455,560	3,531,677	1,569,467	4,436,070	6,005,537	15.2	88.5
2020	41,231,060	3,728,171	1,600,079	4,655,458	6,255,537	15.2	90.4
2021	43,086,458	3,935,197	1,630,268	4,875,269	6,505,537	15.1	92.5
2022	45,025,348	4,153,307	1,659,934	5,095,603	6,755,537	15.0	94.6
2023	47,051,489	4,383,077	1,688,968	5,316,569	7,005,537	14.9	96.9
2024	49,168,806	4,625,116	1,717,254	1,889,280	3,606,534	7.3	99.3
2025	51,381,402	4,880,063	1,744,665	0	1,744,665	3.4	100.0
2026	53,693,566	5,148,589	1,771,066	0	1,771,066	3.3	100.0
2027	56,109,776	5,431,401	1,796,311	0	1,796,311	3.2	100.0
2028	58,634,716	5,729,240	1,820,240	0	1,820,240	3.1	100.0
2029	61,273,278	6,042,885	1,842,687	0	1,842,687	3.0	100.0
2030	64,030,576	6,373,157	1,863,467	0	1,863,467	2.9	100.0
2031	66,911,952	6,720,917	1,882,386	0	1,882,386	2.8	100.0
2032	69,922,989	7,087,069	1,899,234	0	1,899,234	2.7	100.0
2033	73,069,524	7,472,566	1,913,786	0	1,913,786	2.6	100.0
2034	76,357,652	7,878,405	1,925,803	0	1,925,803	2.5	100.0
2035	79,793,747	8,305,638	1,935,025	0	1,935,025	2.4	100.0
2036	83,384,465	8,755,369	1,941,178	0	1,941,178	2.3	100.0
2037	87,136,766	9,149,360	2,028,531	0	2,028,531	2.3	100.0
2038	91,057,921	9,561,082	2,119,815	0	2,119,815	2.3	100.0
2039	95,155,527	9,991,330	2,215,206	0	2,215,206	2.3	100.0
2040	99,437,526	10,440,940	2,314,891	0	2,314,891	2.3	100.0
2041	103,912,215	10,910,783	2,419,061	0	2,419,061	2.3	100.0
2042	108,588,264	11,401,768	2,527,919	0	2,527,919	2.3	100.0
2043	113,474,736	11,914,847	2,641,675	0	2,641,675	2.3	100.0
2044	118,581,099	12,451,015	2,760,550	0	2,760,550	2.3	100.0
2045	123,917,249	13,011,311	2,884,775	0	2,884,775	2.3	100.0
2046	129,493,525	13,596,820	3,014,590	0	3,014,590	2.3	100.0
2047	135,320,734	14,208,677	3,150,246	0	3,150,246	2.3	100.0
2048	141,410,167	14,848,068	3,292,008	0	3,292,008	2.3	100.0

\* Calendar year

\*\* As of 1/1 prior to beginning of fiscal year